

How Fiscal Capacity Works in the BEP Formula*

(sample calculation based on current formula)

- Step 1. Compute the cost of the Basic Education Program [BEP], component by component
- Step 2. Tally up the total cost [state and local combined] of instructional positions, the other classroom components and the non-classroom components:

▪ Grand Total Instructional Positions	\$2,651,415,000
▪ Grand Total Other Classroom Components	\$ 460,455,000
▪ Grand Total Non-classroom Components	\$1,199,416,000

- Step 3. Divide responsibility between the State and local school systems:

	Required State Percentage	State Share	Local Share	Grand Total
Instr. Positions	65%	\$1,723,414,000	\$ 928,001,000	\$2,651,415,000
Other Classroom	75%	345,338,000	115,117,000	460,455,000
Non-classroom	50%	599,703,000	599,713,000	1,199,416,000
All Components	n/a	\$2,668,455,000	\$1,642,831,000	\$4,311,286,000

- Step 4. Determine county area share of local education fiscal capacity [see attached]:

- Estimated Total County Area Local Education Fiscal Capacity—TACIR fiscal capacity per student for each county area multiplied by number of students [three-year average daily attendance (ADM)] in public schools in that county
- County Area Percent of Grand Total Estimated Local Education Fiscal Capacity—estimated total county area fiscal capacity divided by grand total for all counties expressed as a percentage of the statewide total

- Step 5. Divide responsibility for the local share [from Step 3] among the counties—multiply the total statewide local share of each part of the BEP [instructional, other classroom and non-classroom separately] by each county area's percentage share of fiscal capacity [from Step 4]:

VOLUNTEER CO.	Instructional Positions	Other Classroom	Non-classroom	Total
Statewide Local Share	\$928,001,000	\$115,117,000	\$599,713,000	\$1,642,831,000
County Area Fiscal Capacity	<u>x 0.5213%</u>	<u>x 0.5213%</u>	<u>x 0.5213%</u>	n/a
County Area Local Share [local funding requirement]	\$ 4,838,000	\$ 600,000	\$3,126,000	\$ 8,564,000

IF COUNTY HAS ONLY ONE SCHOOL SYSTEM, STOP HERE.

* All figures based on final FY03 allocations by Tennessee Department of Education, Office of Local Finance.

IF COUNTY HAS MORE THAN ONE SCHOOL SYSTEM, CONTINUE FROM STEP 5.

TRINITY CO.—Step #5	Instructional Positions	Other Classroom	Non-classroom	Total
Statewide Local Share	\$928,001,000	\$115,117,000	\$599,713,000	\$1,642,831,000
County Area Fiscal Capacity	<u>X 1.2255%</u>	<u>X 1.2255%</u>	<u>X 1.2255%</u>	n/a
County Area Local Share [local funding requirement]	\$ 11,373,000	\$ 1,411,000	\$ 7,349,000	\$ 20,133,000

Step 6. **IF COUNTY HAS MORE THAN ONE SCHOOL SYSTEM**, then for instructional positions, other classroom and non-classroom funding separately, (1) tally up the total BEP funding [state and local combined] for each school system within the county, (2) compute the percent of the county total for each system by dividing each system's total BEP funding by the county area total, and (3) multiply the county area local share [i.e., the local funding requirement for the entire county] from Step 5 by each system's percent of the county total BEP funding:

TRINITY CO. Instructional Positions Funding	Total BEP Funding Requirement [state and local combined]	Percent of County Total [calculated from previous column]	Local Funding Requirement [split based on previous column]
Trinity Co.	\$20,286,000	60%	\$6,824,000
Polk City	5,072,000	15%	1,706,000
Best SSD	8,452,000	25%	2,843,000
County Area Total	\$33,810,000	100%	\$11,373,000

TRINITY CO. Other Classroom Funding	Total BEP Funding Requirement [state and local combined]	Percent of County Total [calculated from previous column]	Local Funding Requirement [split based on previous column]
Trinity Co.	\$3,555,000	60%	\$ 847,000
Polk City	889,000	15%	212,000
Best SSD	1,481,000	25%	353,000
County Area Total	\$5,925,000	100%	\$1,411,000

TRINITY CO. Non-classroom Funding	Total BEP Funding Requirement [state and local combined]	Percent of County Total [calculated from previous column]	Local Funding Requirement [split based on previous column]
Trinity Co.	\$10,017,000	65%	\$4,777,000
Polk City	1,849,000	12%	1,102,000
Best SSD	3,545,000	23%	1,690,000
County Area Total	\$15,411,000	100%	\$7,349,000